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FM AMEMBASSY YEREVAN
TO RUEHC/SECSTATE WASHDC PRIORITY 3576
INFO RUCNCIS/CIS COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 000985

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E.O. 12958: DECL: 07/17/2016

TAGS: PGOV PREL AM

SUBJECT: DEFENSE MINISTER SARGSIAN OFFICIALLY ENTERS THE POLITICAL FRAY

REF: A) YEREVAN 280 B) YEREVAN 701

Classified By: Ambassador John M. Evans for reasons 1.4 (b,d)

Summary

¶1. (C) Although parliamentary elections are still nearly a year away and presidential elections are almost two years off, Armenia's political scene has begun to coalesce. Defense Minister Serzh Sargsian has long been tipped as the likely successor to President Kocharian, and on July 14, he declared his intention to join PM Markaryan's Republican Party, which vaulted him instantly to the position of front runner. Several other leading politicians are in the process of climbing on the big bandwagon, making the Republicans the overwhelming favorite, even so far in advance. There are still a few potential power players who have not shown their cards, including Prosecutor General Aghvan Hovsepian and "Prosperous Armenia" leader Gagik Tsarukyan, but unless the landscape changes, even these would present small obstacles to Sargsian/Republican juggernaut. A few prominent intellectuals, including FM Oskanian and Justice Minister Harutunian, have expressed thinly veiled interest, but none have anywhere near enough political and financial backing to be contenders. Armenia's current opposition remains fractured and lacks any coherent political ideology other than its opposition to the Kocharian government. End Summary.

The Road to Armenia's Presidency Starts in Parliament

¶2. (C) Armenia's presidential elections are expected to take place in 2008, but any serious candidate must first be tried in the crucible of parliamentary elections, now slated for May 2007. Most of Armenia's leading politicians had been delaying declaring their intentions, but a number of announcements, both formal and informal, made the press in the past week and have renewed political speculation, one of Yerevan's leading spectator sports.

DefMin Sargsian Shows his Cards - Joins Republicans

¶3. (C) On July 14, Defense Minister Serzh Sargsian announced at a press conference his intention to join the ruling Republican Party. While his membership will not be official until the Republican Party Congress on July 22, the Party has announced that it will create the position of "Chairman of the Governing Council" for Sargsian, making him the party's de jure second-in-command, with PM Andranik Markarian still the party's president. (Comment: We have heard that places are limited at the July 22 Party Congress, and we are informed that local leaders from all over Armenia are vying to attend as delegates and, we assume, to pledge loyalty to their new boss. End Comment.)

¶4. (C) Sargsian tied any future run for the presidency on the outcome of the 2007 parliamentary elections, saying, "unless the Republicans and their allies have a serious presence in the Parliament as a result of the parliamentary elections, it will make no sense to talk about further steps...but if we do well, then why not?" PM Markarian told the press on July 20 that any plans by any Republican Party candidate -- including his own plans -- to run for the presidency could only be considered seriously after parliamentary elections.

¶5. (C) Sargsian's decision to join the Republican Party had been expected for a number of months and many influential politicians and business people have joined the Republican Party in the past month in anticipation of his decision. Prosecutor General Aghvan Hovsepian's loose political grouping has also lost momentum, and several of the "People's Deputy" group of wealthy, independent MPs associated with Hovsepian joined the Republican party on July 20. One of these was MP Ruben Hayrapetyan (aka "Nemets Rubo" - Ruben the German), the oligarch Chairman of Armenia's Football Federation, widely suspected as an organized crime leader.

Republicans to Transform Armenia into a One-Party State

¶6. (C) Former Prime Minister Vazgen Manukian (also president of a one-seat opposition party) told the press that Sargsian's move to join with the PM would "transform Armenia into a one-party state" and that the combined financial power of the two would overwhelm any other contenders.

Prosperous Armenia Still Looks to Challenge

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¶7. (C) Gagik Tsarukyan's "Prosperous Armenia" Party (ref A) remains outside of the Republican fold. Tsarukyan boasted to us privately on July 20 that the reason Sargsian and others are declaring their intentions now is because of Prosperous Armenia's success at the grass roots in gaining new members. A relatively new party, Tsarukyan has apparently endless financial resources at his disposal, but practically no political infrastructure and little campaign experience.

Kocharian's Role Still Undetermined

¶8. (C) The endorsement of President Kocharian, if he chose to back any candidate, would be a boost to any campaign. Kocharian has thus far stayed above the fray, and has even suggested to the press that it is too early to be engaging in such blatant politicking. Armenia's pundits speculated that Kocharian was irked by Sargsian's announcement. In an exclusive interview with RFE/RL published on July 21, Sargsian denied this, and said that his decision was made with the President's assent. Tsarukyan told us that he also had the backing of President Kocharian, but suggested that no candidate would ever receive a clear endorsement from the President. He agreed with the hypothesis that President Kocharian wanted more time to govern, and likely resented being shunted toward "lame duck" status by the Republican Party's move.

FM Oskanian Still Politicking?

¶9. (C) Foreign Minister Vartan Oskanian is also considered by many to be a strong presidential candidate. While he has yet to declare his candidacy, he unleashed a small flurry of speculation when he told the press on July 14, "I think I may still participate in the processes of state-building and development in Armenia. But I can't say at this point which manifestations that participation could have. I haven't even thought about that. I have until now focused on my

work...One thing is clear to me. I want to be involved and make my contribution. But time will tell how that will manifest itself," he added. Oskanian, a Syrian-born former American citizen, has been active in the Armenian political arena for a number of years but traditionally stays above the fray of domestic politics, focusing his attention on international issues. (Note: While he is often cited as a potential candidate by members of the Diaspora and diplomatic community, Oskanian is not a member of any political party, and local observers doubt that he has the domestic political base to support a successful candidacy. End note.)

Minister of Justice still playing Wait and See

¶10. (C) Minister of Justice Davit Harutyunyan continues to keep political pundits guessing as to which party he will join. On July 5, Harutyunyan sparked considerable speculation about his future political agenda when he told REF/RL, "Do I aim to engage in politics? Yes, I do. Do I have (political) plans? Yes, I do." Harutyunyan has yet to join a political party, but rumors are rampant that he will do so in the near future. He is relatively young at 43, but is one of the longest-serving members in President Kocharyan's cabinet and exercises a high degree of control over Armenia's oft-criticized court system. (Note: While the press has speculated at some length that Harutyunyan may run for President, a parliamentary candidature seems more likely. End note.)

Opposition Still Fractured

¶11. (C) Armenia's opposition remains fractured. With eight parties, the "Justice Block" has no unifying ideology and no single leader acknowledged by all. Former PM and National Democratic Union Chairman Vazgen Manukian and former FM and "Heritage" Party leader Raffi Hovhannesian announced on July 15 that they had formed a new "apolitical civic movement" to "form and protect a civic base," but cynics speculated that they formed the "movement" because neither would agree to join the other's political party.

Comment

¶12. (C) We were surprised that Sargsian showed his cards so early in the game. All front-runners are subjected to extended media scrutiny, and with a number of well-known skeletons in his closet, Sargsian will likely find this uncomfortable.

EVANS